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BILL: Would give coastal states a cut of oil, gas revenues

OIL SPILL: Would devastate Shore's tourism economy

EXTEND OIL DRILLING BAN?

Corzine, Pallone measure would make it permanent

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By KIRK MOORE STAFF WRITER

OCEAN GROVE — Offshore drilling incentives in new energy legislation prompted Sen. Jon S. Corzine and Rep. Frank J. Pallone Jr., both D-N.J., to announce Friday that they are seeking a permanent extension on the long-standing moratorium against natural gas and petroleum exploration off the Mid-Atlantic coast.

One provision in the House energy bill passed this week calls for giving coastal states a percentage of mineral royalty payments from offshore wells, Pallone said. He and Corzine portrayed that measure as an inducement for states to break political ranks on opposing exploration on the Atlantic continental shelf, which has been stalled by the moratorium since 1982.

"It provides an incentive for states to encourage offshore drilling," Pallone said.

Under present law, oil and gas royalties are paid only to the federal government.

"This is really a national asset and needs to be managed on a national basis," Corzine said during a press conference

under gray skies on the Ocean Grove boardwalk. "Here in New Jersey, the environment is married to our industry."

A spill "would be devastating to the Shore tourism economy, never mind the damage to marine life," said Cynthia A. Zipf, executive director of Clean Ocean Action, an environmental group. If production wells were to be installed within sight of the beaches, visitors would see "a beautiful industrial vista" as well, she said.

New Jersey's beach and tourism industry would be at risk of huge losses and probably permanent damage in the event of an oil spill, Corzine said. He dubbed the new legislation the "Clean Ocean and Safe Tourism Anti-Drilling Act."

"We all know that we have to limit our dependence on foreign oil," Corzine said. But energy solutions should not come at the expense of the environment and coastal economies, he said.

The two Democrats introduced similar legislation in 2001 in response to a proposal to study the potential impact of drilling off New Jersey, and at that time the Interior Department withdrew the idea.



(STAFF PHOTO: THOMAS P. COSTELLO) At a news conference on the Ocean Grove boardwalk Friday, Sen. Jon S. Corzine (left) and Rep. Frank J. Pallone Jr., both D-N.J., announce plans to sponsor a bill to make the current moratorium on drilling for oil and gas off New Jersey permanent.

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• Other Gannett Newspapers But recently the Senate Energy and Natural Resources Committee heard testimony from R.M. "Johnnie" Burton, director of the department's Minerals Management Service, who told senators the Bush administration may lift the Atlantic drilling ban if Congress supports such action.

Mid-Atlantic offshore energy exploration has been talked about since the 1970s. New Jersey's coastal land use law, which is now used to regulate new home construction and the like, was originally conceived to control what was then seen as the oil industry's impending interest in shoreside facilities to support drilling.

But estimates have put the entire potential Atlantic coast oil reserves at just 2.31 billion barrels compared to 60 billion barrels in the already developed Gulf of Mexico industry, Pallone said.

Most of the Mid-Atlantic energy potential may be in natural gas, and earlier this year the Virginia General Assembly approved legislation asking Congress to end the offshore moratorium.

The bill was supported by Virginia's shipbuilding and marine services industry, but opposed by coastal tourism interests there and in neighboring North Carolina. Virginia Gov. Mark R. Warner's veto of the legislation was upheld by state senators early this month.

Corzine and Pallone said their bill would permanently extend the federal moratorium, now scheduled to expire in 2012. It would also forbid any federal expenditures for preliminary work paving the way for offshore exploration, such as environmental impact studies.

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